



Ontario

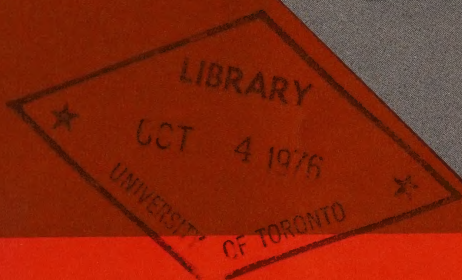
Ministry of
Housing

Community Sponsored Housing

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BACKGROUND

Ontario's Community Sponsored Housing Program was established in 1974 to encourage community groups and municipalities to form non-profit corporations to build and operate low-cost rental housing for persons of low and moderate income. The program encourages voluntary activity from the community and participation of the residents in the development and management of the projects. Community groups could include service clubs, credit unions, church groups or any other groups of citizens incorporated for the purpose of building and operating non-profit housing projects. It is intended that corporations receiving the provincial assistance will provide housing for families, senior citizens, single people and those with special disabilities.

Municipalities are also encouraged to form such non-profit housing operations; in Ontario, legislation has been passed to make this possible.

HOW IT WORKS

The Ontario program is intended to complement sections 15.1 and 34.18 of the federal government's National Housing Act, which is operated through Central Mortgage and Housing Corporation.

THE FEDERAL ROLE

Under the terms of section 15.1 (or 34.18 for co-operatives), CMHC provides up to \$10,000 in start-up funds to get a project under way. This money goes towards initial surveys, site selection, taking of options, professional fees, staffing etc. and part of this is repayable if a mortgage commitment is eventually agreed to.

In addition, CMHC provides a 100 per cent mortgage to a non-profit corporation for the actual cost of an approved development.

The loan is secured by a mortgage of up to 50 years, presently at a maximum interest rate of 10½ per cent, which is usually reduced through an interest reduction grant to an effective rate of eight per cent. 10 per cent of the loan is forgiven. A rehabilitation project, in addition to the above, will be considered for a \$3,750 maximum forgivable grant per unit under the Residential Rehabilitation Assistance Program (RRAP). Units must be at or below market rates for comparable accommodation. As well, groups must meet certain design and cost standards to ensure that modest good housing is provided and to prevent overly expensive designs.

THE PROVINCIAL ROLE

Funding will complement federal assistance. A rent-reduction grant is provided on a sliding scale to non-profit organizations which make units available to families and individuals who qualify for rent supplement.

Percentage of units under rent supplement	Rent reduction grants as percentage of project value
21-25 per cent	10 per cent
16-20 per cent	8 per cent
11-15 per cent	8 per cent
6-10 per cent	4 per cent
Less than 6 per cent	Zero per cent

The purpose of the grant is to reduce the rents in a modestly designed non-profit project to below market levels for similar accommodation. The grant is paid over a 15-year period on a decreasing scale selected by the non-profit organization. The rent reduction per unit per month for the first year usually ranges from \$20 to \$35, depending on the payout rate selected.

In partnership with CMHC and the local municipality, the ministry also provides funding for rent supplement purposes for those in need of rent-geared-to-income help. The usual limit for this support is up to 25 per cent of the units. In specific cases the limit may be exceeded, with the approval of the ministry, CMHC and the municipality.

Each project selects the tenants suitable for rent supplements; however, projects are expected to consider applicants referred from the local government waiting list for an agreed-upon number of rent supplement units.

THE MUNICIPAL ROLE

Municipalities may form non-profit housing corporations for the purpose of land-banking, building low-to-moderate-income housing or for purchasing and renovating existing housing. The terms for municipalities are the same as above, with the exception of grants for getting projects underway.

ELIGIBLE ORGANIZATIONS

Groups applying for assistance under the Community Sponsored Housing Program will already be seeking their mortgage financing from CMHC. Because of this, eligibility for the Ontario program is based on criteria set out in the National Housing Act:

“A non-profit organization is one in which no part of the income is payable or otherwise available for the personal benefit of any proprietor, member or shareholder.”

In addition, no part of the income of the corporation derived from housing rental or housing charges may be used for professional development, education, research or travel by any of the shareholders, and an annual affidavit to this effect must be provided.

Non-profit groups may be of two kinds:

- Municipally-owned: Provincial legislation has been passed in Ontario to allow municipalities to form non-profit housing corporations.

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- Exclusively charitable: The sponsors must be dedicated to providing adequate housing for persons of low or moderate income.

CRITERIA FOR APPLICANTS

CMHC screens non-profit housing loan applications; consequently the province will direct itself to broader criteria in evaluating applications:

1. The group should provide evidence of community support for the project.
2. A financial plan shall be prepared which shows:
 - The economic viability of the project;
 - The degree to which the provincial capital contribution will be reflected in below-market rents;
 - The financial ability to cope with unanticipated problems in construction;
 - That no overlap exists with subsidies from other provincial ministries, notably the Ministry of Community and Social Services.
3. An administrative plan shall be prepared describing:
 - How the project meets housing goals adopted by the municipality and the province;
 - How its management program is soundly based on accepted property management and tenant relations principles, and that it is geared to ensuring the economic and social success of the project on a continuing basis;
 - How the group intends to give special consideration to those who are on government waiting lists for rent-assisted housing and the number of such people to be accommodated;
 - How the neighborhood will be involved in the project and, in rehabilitation projects, how construction work will be carried out so as not to displace tenants;
 - The impact on community amenities that would result from the project, such as recreational space.

While some of these criteria overlap those of CMHC, some do not. Therefore, provincial approval will not necessarily follow federal approval and will require an order-in-council in keeping with the provisions of the Housing Development Act.

APPLICATIONS

Any organization wishing assistance from both Ontario and the federal government should contact each of them concurrently. For further information, please contact:

Community Sponsored Housing Branch,
Ontario Ministry of Housing,
60 Bloor St. W.,
Toronto, Ont. M7A 2M7
Telephone: (416) 965-9045

Ontario Regional Office,
Central Mortgage and Housing Corporation,
145 King St. W., Suite 1108,
Toronto, Ont. M5H 1J8
Telephone: (416) 361-0420 (or any of CMHC's branches).